

9100 Tax Relief

California taxpayers are provided assistance through a variety of tax relief programs. Additional relief is provided to low-income senior citizens and disabled persons. Tax relief also is provided to individuals who agree to hold their land as open space under the Williamson Act of 1965. This budget also provides payments to cities and counties to help defray revenues lost as a result of tax relief programs.

3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2006-07	2007-08	2008-09	2006-07*	2007-08*	2008-09*
10 Senior Citizens' Property Tax Assistance	-	-	-	\$38,273	\$40,866	\$40,562
20 Senior Citizens' Property Tax Deferral Program	-	-	-	12,167	17,000	25,800
30 Senior Citizen Renters' Tax Assistance	-	-	-	145,170	149,985	150,318
50 Homeowners' Property Tax Relief	-	-	-	432,782	446,965	442,465
60 Subventions for Open Space	-	-	-	38,070	39,124	38,600
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	-	-	-	\$666,462	\$693,940	\$697,745
FUNDING				2006-07*	2007-08*	2008-09*
0001 General Fund				\$666,462	\$693,940	\$697,745
TOTALS, EXPENDITURES, ALL FUNDS				\$666,462	\$693,940	\$697,745

LEGAL CITATIONS AND AUTHORITY

PROGRAM AUTHORITY

10-Senior Citizens' Property Tax Assistance:

Revenue and Taxation Code, Division 2, Part 10.5.

20-Senior Citizens' Property Tax Deferral Program:

California Constitution, Article XIII, Section 8.5; Revenue and Taxation Code, Division 2, Part 10.5; Government Code, Division 4, Part 1, Chapter 5.

30-Senior Citizen Renters' Tax Assistance:

Revenue and Taxation Code, Division 2, Part 10.5.

50-Homeowners' Property Tax Relief:

California Constitution, Article XIII, Sections 3 and 25; Government Code Sections 16100-16101.5 and 16120-16122.

60-Subventions for Open Space:

California Constitution, Article XIII, Section 8; Government Code Sections 16100-16101.5 and 16140-16154; Revenue and Taxation Code Sections 421-430.5.

BUDGET-BALANCING REDUCTIONS

- The General Fund reduction amount for Tax Relief is \$25.5 million. The Homeowners' Property Tax Relief Program, which the Governor's Budget proposes to fund at \$442.5 million in 2008-09, was exempted from the reductions because it is constitutionally required.
- The Governor's Budget proposes a 10 percent, \$15 million reduction for the Senior Citizens' Renters' Tax Assistance Program. Legislation is proposed to reduce the grant amounts available to participants by 10 percent.
- The Governor's Budget proposes a 10 percent, \$4 million reduction for the Senior Citizens' Property Tax Assistance Program. Legislation is proposed to reduce the grant amounts available to participants by 10 percent.
- The Governor's Budget proposes a 10 percent, \$3.9 million reduction for the Subventions for Open Space (Williamson Act) Program. Legislation is proposed to reduce by 10 percent the reimbursement counties receive for property tax revenues lost as a result of assessing lands covered by Williamson Act contracts at a lower value.
- The Governor's Budget proposes a 10 percent, \$2.6 million reduction for the Senior Citizens' Property Tax Deferral Program. Legislation is proposed to reduce participation in the Program by 10 percent.

* Dollars in thousands, except in Salary Range.

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DETAILED BUDGET ADJUSTMENTS

	2007-08*			2008-09*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Baseline Adjustment Descriptions						
• Adjustment to Senior Citizens' Property Tax Deferral Program	\$-	\$-	-	\$8,800	\$-	-
• Adjustment to Senior Citizens Renters' Tax Assistance	3,355	-	-	3,688	-	-
• Adjustment to Senior Citizens' Property Tax Assistance	1,733	-	-	1,428	-	-
• Adjustment to Subvention for Open Space	-	-	-	-524	-	-
• Adjustment to Homeowners' Property Tax Relief	-	-	-	-4,500	-	-
Totals, Baseline Adjustments	\$5,088	\$-	-	\$8,892	\$-	-
TOTALS, BUDGET ADJUSTMENTS	\$5,088	\$-	-	\$8,892	\$-	-
Other Adjustments ^{1/}						
• Budget-Balancing Reductions	-	-	-	-25,528	-	-
REVISED TOTALS, BUDGET ADJUSTMENTS	\$5,088	\$-	-	-\$16,636	\$-	-

^{1/} These dollars and PYs are included in the General Government agency, therefore not included in the other fiscal statements for this department. These totals are also not included in the applicable Summary Schedules for this department.

PROGRAM DESCRIPTIONS (Program Objectives Statement)

10 - SENIOR CITIZENS' PROPERTY TAX ASSISTANCE

The Senior Citizens' Property Tax Assistance Program provides financial assistance to qualified California homeowners who are 62 years of age or older, and to blind or disabled residents regardless of age. The Franchise Tax Board administers this program.

20 - SENIOR CITIZENS' PROPERTY TAX DEFERRAL PROGRAM

The Senior Citizens' Property Tax Deferral Program allows eligible homeowners to defer payment of residential property taxes. The state pays the deferred taxes to local governments on behalf of the participants, and places a lien on their property to assure repayment when the property is sold or transferred. The State Controller administers this program.

30 - SENIOR CITIZEN RENTERS' TAX ASSISTANCE

The Senior Citizen Renters' Tax Assistance Program provides financial assistance to eligible low-income renters who are 62 years of age or older, and to blind or disabled renters regardless of age. The Franchise Tax Board administers this program.

50 - HOMEOWNERS' PROPERTY TAX RELIEF

In order to reduce California taxpayers' property tax burden, the California Constitution exempts homeowners from paying property taxes on the first \$7,000 of the assessed value of their principal place of residence. The Constitution requires the state to reimburse local governments for revenues lost due to the homeowners' exemption.

60 - SUBVENTIONS FOR OPEN SPACE

The Williamson Act permits cities and counties to enter into contracts with landowners to limit the use of land to agricultural, scenic and open-space purposes. Article XIII, Section 8, of the California Constitution permits land under such restrictions to be assessed at other than market value based on its limited use. The state provides reimbursements to cities and counties to partially defray the loss of property tax revenues. The Department of Conservation administers this program.

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

2 LOCAL ASSISTANCE	2006-07*	2007-08*	2008-09*
0001 General Fund			
APPROPRIATIONS			
101 Budget Act appropriation	\$679,083	\$688,853	\$697,745
Revised expenditure authority per Provision 5	4,523	5,087	-

* Dollars in thousands, except in Salary Range.

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2 LOCAL ASSISTANCE	<u>2006-07*</u>	<u>2007-08*</u>	<u>2008-09*</u>
Totals Available	\$683,606	\$693,940	\$697,745
Unexpended balance, estimated savings	<u>-17,144</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	<u>\$666,462</u>	<u>\$693,940</u>	<u>\$697,745</u>
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$666,462	\$693,940	\$697,745

* Dollars in thousands, except in Salary Range.